HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Soft landing for housing starts in 2007 and 2008

Date Released: Second Quarter 2007

Overview

Housing starts:

2007: 213,425

2008: 200,175

Resales:

2007: 487,500

2008: 466,490

Housing starts: Housing starts will decrease from over 227,000 units in 2006 to about 213,425 units in 2007, a decrease of 6.1 per cent. Housing starts will continue to trend lower in 2008 to reach 200,175 units.

Resales: Existing home sales through the Multiple Listing Service® (MLS®) will edge higher to 487,500 units in 2007 and establish a new record. The previous record was set in 2005 at just over 483,300 sales. MLS®Sales will move lower to about 466,490 units in 2008.

Resale prices: Growth in the average MLS® house price will remain strong at 9.6 per cent in 2007. In 2008, as resale markets become more balanced, price growth will moderate to 4.9 per cent.

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Provincial SPOTLIGHT

Ontario: New housing demand across the province will remain healthy despite moderate economic growth, higher new home prices, increased choice in the resale market, and land constraints. Housing starts will slide from 73,417 units in 2006 to 68,000 units in 2007 and to 63,875 units in 2008. These declines will move housing starts in line with the average level over the last fifteen years. The average MLS® price in Ontario will rise by 5.4 per cent and 3.3 per cent in 2007 and 2008, respectively. (Details on Page 12)

Alberta: Despite a softer pace of economic growth, Alberta will remain among the top economic performers through 2008. Positive economic fundamentals and strong net migration will maintain a strong demand for residential construction, although escalating mortgage carrying costs will start to inhibit net migration over the next two years. Total housing starts are expected to ease from 48,962 units in 2006 to 47,000 units this year, making 2007 the third best year on record. In 2008 starts will decline to 44,500 units. Following an unprecedented 30.7 per cent gain in 2006, the average MLS® price is expected to climb another 26.1 per cent in 2007 and 9.7 per cent in 2008. (Details on Page 9)

Canada

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HOME TO CANADIANS

National Housing Outlook

In Detail

After edging higher to over 227,000 units in 2006, housing starts in Canada will resume a gradual downward trend in 2007 as they decrease by 6.1 per cent to 213,425 units. With the exception of Saskatchewan, housing starts will decrease in all provinces this year. While housing starts will decrease in Alberta, the level of activity remains very high; starts reached an all-time record in 2006 and the forecast implies that in 2007, housing starts will reach their third highest level on record. More than two-thirds of the decline in housing starts in Canada will be due to decreases in Ontario and Quebec. Nevertheless, 2007 will be the sixth consecutive year in which housing starts exceed the 200,000 unit threshold. Residential construction will continue to slow next year as housing starts decline 6.2 per cent to 200,175 units.

Economic conditions will remain supportive of strong demand for new homes. Growth in personal disposable income remains strong and mortgage rates remain low. Employment is at a record high level due mainly to growth in the number of full-time jobs. Despite these favourable conditions, we expect housing starts to trend lower over the next several years. A number of factors will contribute to the lower pace of new home construction. First, as the pent-up demand for housing that built up during the 1990s is absorbed, housing starts are expected to move gradually toward levels that are more in line with demographic fundamentals. Also, strong growth in house prices in recent years have caused mortgage carrying costs to increase. This will reduce housing demand, particularly among first-time buyers. This group of buyers is particularly sensitive to the increasing gap between the costs of homeownership and renting.

Competition from the existing home market will also contribute to the decrease in housing starts this year and in 2008, particularly in the Ontario, Quebec, and the Atlantic regions, where housing markets are more balanced. In these regions, the existing home market will offer potential home buyers more choice and reduce spillover demand into the new home market. Despite strong job growth that will continue to draw workers from other provinces, housing starts and will also decline in Alberta and B.C.

Single detached starts to fall in 2007 and 2008

Single starts edged up by 0.7 per cent in 2006 to slightly over 121,000 units. The increase was concentrated in Alberta, British Columbia, and Saskatchewan; starts of single homes decreased in all other provinces. Single starts will resume a declining trend in 2007. Single detached construction activity is forecast to fall 8.7 per cent from 121,313 units in 2006 to 110,775 units in 2007, and to decline an additional 6.4 per cent to 103,700 units in 2008.

Single-detached housing starts are forecast to decline in every province across Canada in 2007 except Saskatchewan where they will nudge higher by 0.4 per cent. Ontario will experience the largest decline with single detached starts dropping by 13.9 per cent in 2007 and 9.5 per cent in 2008.

Multi-family starts will begin downward trend

Starts of multiple-family housing, which includes semi-detached, row and apartment units, were up 1.0 per cent in 2006 to reach a 31-year high of 106,082 units. Multiple starts are forecast to decrease by 3.2 per cent to just under 103,000 units in 2007, and by 6.0 per cent to about 96,500 units in 2008. Rising house prices, particularly in Western Canada, have contributed to rising mortgage carrying costs. In order to keep their mortgage carrying costs down, many households who purchase a new home in 2007 and 2008 will opt for a multiple-family home, which tend to be less expensive. As a result, the decrease in multiple-family starts in 2007 and 2008 will be less pronounced than the decline in single starts.

Across the nation, the largest decreases in multi-family starts in 2007 will be in Prince Edward Island (-33.6 per cent), New-Brunswick (-14.6 per cent), and Quebec (-10.7 per cent). On the other hand, multiple starts are forecast to increase by 12.1 per cent in Saskatchewan.

Apartment starts, which account for two-thirds of total multi-family starts, will edge down by 0.4 per cent in 2007 and then dip an additional 4.9 per cent in 2008. Starts of rowhouses will slide 10.0 per cent this year and another 5.5 per cent in 2008, while starts of semi-detached houses will decrease 7.5 per cent in 2007 and 12.6 per cent in 2008.

MLS® sales will edge higher to set new record in 2007

Existing home sales, as measured by the Multiple Listing service (MLS®), will increase by 0.9 per cent to 487,500 units, to surpass the previous record level of 483,344 set in 2005. In 2008 MLS® sales will decrease by 4.3 per cent to 466,490 units reflecting moderating demand due to rising mortgage carrying costs. The decrease in home sales will cause the existing home market to move towards balanced conditions.

MLS® price growth cut in half in 2007

Since 2002, the average MLS® price has grown at an annual rate of around 10 per cent. Growth will remain strong in 2007 at 9.6 per cent, pushing the average MLS® price to nearly $303,500, reflecting continued price pressures in western Canada. With markets becoming more balanced in 2008, the average MLS® price will reach about $318,400 in 2008, a increase of 4.9 per cent.

Trends Impacting Housing

The Economy

Growth in the Canadian economy ratcheted lower in the second quarter of 2006 and has been sluggish ever since. Real gross domestic product (GDP) expanded at an annualized rate of only 1.4 per cent in the fourth quarter of 2006, down from 2.0 per cent in the second and third quarters of 2006. The weak economic growth in the final quarter of 2006 reflected a significant decrease in business non-farm inventories, which removed nearly 3.75 percentage points from the overall annualized rate of GDP growth. On the other hand, consumer spending, net exports, and non-residential construction all grew at a strong pace in the fourth quarter of 2006.

For 2006 as a whole, real GDP growth was up 2.7 per cent compared to 2005. Consumer spending made a significant contribution to economic growth due to robust growth in personal income and employment. While interest rates increased in 2006, they remain relatively low. As a result business investment continued to grow at a rapid rate. The key challenge for the Canadian economy has been the deterioration in net exports due to the high value of the Canadian dollar and the slowing rate of growth in the US economy. Indeed, growth in Final Domestic Demand, which is a measure of economic growth that excludes the impact of net exports, was much stronger at 4.5 per cent in 2006.

Domestic demand will remain the engine of Canada's economic expansion in 2007 and 2008. Consumer spending should stay vibrant thanks to high employment, income gains, and low interest rates. Business investment in non-residential construction and machinery and equipment will continue to be strong as well. On the downside, lower housing starts and soft net exports will be a drag on economic growth.

Inflationary pressures will remain limited as the Canadian economy is expected to grow at a rate of 2.3 per cent in 2007 and 3.0 per cent in 2008.

Mortgage Rates

A combination of a strong Canadian dollar vis-à-vis the U.S. dollar and modest GDP growth will help keep Canadian interest and mortgage rates low over the remainder of this year and in 2008.

One, three and five-year posted mortgage rates are forecast to be in the 5.75-6.75, 6.00-7.00, and 6.25-7.25 per cent ranges respectively over the rest of this year and in 2008.

Migration

Net migration (immigration minus emigration) will increase by 2.3 per cent to nearly 223,000 people in 2007 and increase by 5.8 per cent to 235,500 net migrants in 2008. The ongoing high level of net migration will add to housing demand with the majority of newly arrived immigrants initially settling in rental accommodations. An increasing share of migrants will move into home ownership as time passes.

Net migration increased in 2006 due mainly to the higher levels of arrivals in Alberta, British Columbia, and Manitoba. The number of workers moving to Alberta from other provinces is expected to move down from the unprecedented levels reached in 2005 and 2006. Nevertheless, net-interprovincial migration to Alberta, and to a lesser extent toward B.C., will continue to boost demand for both rental and ownership housing in these provinces in 2007 and 2008.

Employment and Income

Employment grew at a strong pace of 1.9 per cent in 2006 and most of the new jobs created were full time positions. With a record share of Canadians employed in 2006, the unemployment rate drifted down to and average of 6.3 per cent for the year and reached 6.1 per cent in December 2006, its lowest level on record.

Given that the Canadian economy is close to full employment, the pace of employment growth is expected to slow and stay more in line with the increase in the population. Employment is forecast to grow by 1.7 per cent in 2007 and 1.2 per cent in 2008. The unemployment rate is expected to remain low at about 6.3 per cent in both years.

Tight labour market conditions have led to strong growth in average weekly earnings, particularly in western Canada. Income growth and high levels of employment will ensure that the expected decline in demand for new and existing housing in 2007 and 2008 will be modest.

Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved slightly higher and are expected to drift-up modestly in the first half of 2008. While mortgage rates won't increase much, higher house prices will push mortgage carrying costs higher. This will ease housing demand, particularly for first-time buyers.
Employment	A record share of Canadians are employed, implying that the economy is operating close to full-employment. Thus, job growth will slow to rates that are more in line with population growth. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Tight labour markets and strong demand for workers will continue to support rising incomes, which will partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to strengthen in 2007 and 2008. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. However, Alberta will keep on attracting a large number of net migrants from the rest of Canada.
Natural Population Increase	Because Canada's population is aging, a smaller proportion of people are in their child bearing years and the birth rate is slowing. Rising immigration will slow the aging of the population, but the rate of increase in the natural population (births - deaths) is slowing, which will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains firm and strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	MLS® sales will set a new record in 2007 before moderating in 2008. A gradual easing of demand, combined with a high level of new listings, will move the resale market toward more balanced conditions. As a result, the rate of increase in the average existing home price will pull back slightly in 2007 and will continue to moderate in 2008. The spillover of demand into the new home market will be less pronounced as the existing home market becomes more balanced.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres will remain relatively stable, edging up by 0.1 of a percentage point to 2.7 per cent in 2007 and 2008.

Special Report: Outlook for Housing Starts 2007-2011

The outlook for the housing market remains very upbeat for the near term with housing starts remaining above the 200,000 unit threshold for a seventh consecutive year in 2008. What will happen over the longer term? Residential construction will gradually decline through 2011, as factors that drive housing become less stimulative.

In 2008, housing starts are forecast to exceed the 200,000 unit threshold for a seventh consecutive year, a feat last accomplished in the 1971-1978 period. Housing starts are forecast to trend downward gradually over the medium term, reaching 188,250 units by 2011. However, the level of activity will remain well above the average annual level of about 150,000 housing starts observed during the 1990s.

The outlook for Canadian GDP growth remains reasonably upbeat over the medium term. The economy will continue to operate close to its capacity and expand at about its non-inflationary annual rate of 3 per cent from 2008 to 2011. Over this period, employment growth will be constrained by increases in the population since a record share of Canadians are employed. Employment growth will average 1.3 per cent annually over the 2008 to 2011 period, a pace sufficient to keep the unemployment rate in the 6 per cent to 6.5 per cent range.

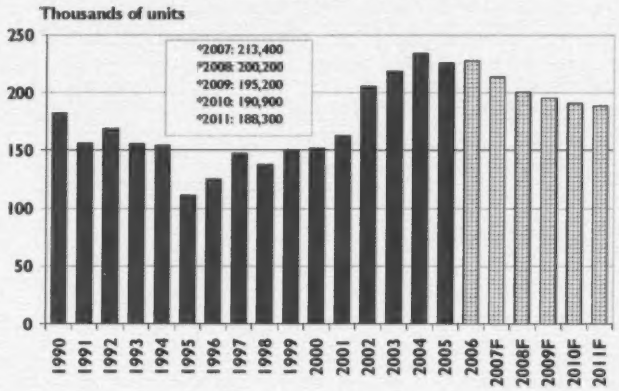
Inflation is forecast to remain well behaved, near the Bank of Canada's target of 2 per cent over the 2008 to 2011 period. As a result, both short and long term interest rates will be fairly stable over the medium term. After having increased the target for the overnight lending rate by 225 basis points, the Bank of Canada's monetary tightening cycle has ended and the target for the overnight lending rate has stood at 4.25 per cent since May 2006. Given the forecast for low and stable inflation of about 2 per cent, the target for the overnight lending rate will remain near 4.25 per cent through 2011. As a result, short term interest and mortgage rates will also remain relatively flat through 2011. Longer term mortgage rates, such as the 5 year fixed rate, will stay low and increase by 25 to 50 basis points between 2008 and 2011.

Population growth is a key driver of housing demand over the longer term and a key contributor to population growth is immigration. More than 214,000 immigrants arrived in Canada in 2005. Looking ahead, tight labour market conditions will provide an attractive environment that will continue to draw large numbers of immigrants to Canada. As a result, net migration is forecast to rise steadily through 2011. This rise in net migration will boost population growth and household formation, which in turn will support strong levels of housing starts through 2011. Ontario, Quebec, and British Columbia will continue to attract most of the new immigrants settling in Canada.

Housing starts will remain high but will decrease gradually between 2008 and 2011

Increases in mortgage carrying costs over the next five years coupled with the erosion of the pent-up demand that built up during the 1990s will cause housing demand to weaken gradually. Therefore, housing starts are expected to continue to ease gradually towards levels that are more in line with demographic fundamentals such as household formation. Also, as the existing home market moves toward balanced conditions, it will provide potential home buyers more choice, therefore, there will be less spill over of housing demand from the resale home market into the new home market. Housing starts are forecast to remain above 200,000 units in both 2007 and 2008. However, starts will dip below this threshold and will slow to about 188,250 units by 2011.

Total Housing Starts, Canada



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British Columbia

Population flows to the west have supported, and will continue to support, homeownership demand. Following an extended period of growth, starts peaked at over 36,000 units in 2006. During 2007 and 2008, the ongoing economic expansion and accompanying job creation will keep residential construction activity at above-average levels. In the longer-term, a gradual rise in interest rates and increasing construction costs will have a dampening effect on home starts. New home starts will taper off from 32,300 units in 2008 towards 30,000 starts in 2011, a level more consistent with underlying population growth.

Alberta

Fuelled by nearly $110 billion of oil and gas related investment,Alberta will remain among Canada's economic growth leaders throughout the next five years. Alberta's continued economic expansion will ensure that it retains the lowest unemployment rate in the country, maintaining its position as the top destination choice for interprovincial migrants. However, migration will trend downward from its 2006 peak, as the growing disparity in house prices and improving economic prospects in other provinces reduce Alberta's magnetic draw. Meanwhile, it appears that much of the pent-up demand in Alberta has been satisfied. Alberta has led housing starts per capita for the last 10 years, and housing starts have surpassed the estimated rate of household creation for much of that period. Such conditions, combined with escalating house prices and gradual increases to mortgage rates, should pull Alberta housing starts below 40,000 units by 2011, down from 44,500 in 2008.

Saskatchewan

Thanks to firm demand for its natural resources, Saskatchewan will experience the longest and strongest period of economic expansion in 15 years. The province's impressive oil reserves will encourage investment in the energy sector, leading to heightened levels of production. Elevated commodity prices will also stimulate potash and uranium output over the forecast period. In 2010, uranium production will receive a further boost when Cameco's Cigar Lake project becomes operational. With a favourable economic outlook and aggressive policies to maintain its residents, net migration in Saskatchewan will turn positive for the first time since 1984. Accordingly, total housing starts will average 3,700 units annually through 2011, representing the best five-year performance for housing starts in Saskatchewan in over 20 years. Urbanization will continue to elevate the share of residential construction in the province's two largest centres.

Manitoba

Manitoba home builders will remain busy during the next five years, thanks to favourable economic conditions and continued household growth. The province will achieve the strongest pace of net migration since the early 1980s, thanks to an increasingly successful Provincial Nominee Program to attract international migrants. With one of the lowest unemployment rates in Canada, the loss of migrants from Manitoba to other provinces should also diminish moving forward. Though the province will generate modest employment gains, the low unemployment rate will also contribute to job security and rising incomes. Given this backdrop, annual housing starts will average close to 5,000 units through 2011. This will represent the best five-year performance for new home construction since the mid-1980s. Higher prices in the single-family market and an aging population should lead to an increased emphasis on multi-family units in Manitoba.

Ontario

Ontario's economic and housing cycle is maturing. Rising mortgage carrying costs and slower job growth have caused housing demand across the province to edge down from the recent peak. Over the next several years, Ontario's economic growth will strengthen and move toward its long term sustainable rate of 3 per cent as the provincial economy adjusts to a high dollar. Less stimulus from the economy suggests that home starts will be running closer to demographic requirements between now and 2011 after having outpaced the rate of household formation since 2001.

While housing demand moderates, high inventories may also temper new construction activity. Rising listings in the existing home market will improve consumer choice, resulting in less spillover demand for new home construction. Housing starts will also be constrained by supply considerations - namely tighter supply of serviced lots available for residential development. Housing starts in Ontario, which peaked at over 85,000 units in 2003 will decrease from about 64,000 units in 2008 to reach 62,000 units by 2011.

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Quebec

During the next five years, the Quebec economy will grow at a modest pace and job creation will remain lacklustre. Also, with existing home markets moving from sellers' to balanced conditions, spillover demand into the new home market will decrease. As a result, housing starts in Quebec will continue to decrease from about 40,000 units in 2008 to 38,000 units in 2011. However, not all segments of the housing market will be impacted in the same way. Rising net migration,which will stem from increased immigration and a reduction in the outflow of Quebec residents moving out of the province, and population aging will help sustain starts of multiple dwellings, such as semi-detached and row homes and apartments.

New Brunswick

Economic growth in the province is expected to improve over the 2008-2011 forecast period due to continued capital investment, particularly in large scale energy sector projects. Major upgrades to New Brunswick's sole nuclear power generation facility, the construction of a liquefied natural gas terminal and recently announced plans for a new refinery in Saint John will stimulate economic activity. Sustained trade growth will also play a critical role in future economic expansion as several key sectors, such as forestry and lumber products, rely heavily on exports to the United States. Urbanization will continue to shift the growth of residential construction towards the province's largest urban centres including Moncton, Saint John, and Fredericton. Overall, population growth will be modest due to rising migration towards Western Canada. The result will be a small decline in demand for housing over the forecast period. Total housing starts should trend downward from 3,600 units in 2008 to 3,500 units in 2011.

Nova Scotia

Economic and employment growth are forecast to continue at a moderate pace through 2011. An increasing share of growth will gradually be delivered through investment as non-residential construction activity accelerates in the latter half of this forecast horizon simultaneous with an easing in the pace of consumer spending.

Prospects for rekindled growth in the offshore energy sector appear brighter as the Deep Panuke and the Keltic LNG projects proceed through the approval process and planning stage. Should one or both of these projects move into the construction phase, provincial GDP growth could be expected to accelerate slightly- a significant upside risk to the current forecast.

Provincial housing market activity will continue to descend gradually from the recent cyclical peak. Total annual housing starts are forecast to decline to 4,050 in 2011 from 4,400 in 2008.

Total Housing Starts, Canada and the Provinces

	2005	2006	2007F	2008F	2009F	2010F	2011F
Newfoundland	2 498	2 234	2 125	2 050	1 950	1 900	1 850
Prince Edward Island	862	738	625	600	650	650	650
Nova Scotia	4 775	4 896	4 650	4 400	4 250	4 100	4 050
New Brunswick	3 959	4 085	3 700	3 600	3 500	3 500	3 500
Quebec	50 910	47 877	43 775	40 250	39 500	38 500	38 000
Ontario	78 795	73 417	68 000	63 875	63 000	62 000	62 000
Manitoba	4 731	5 028	5 000	4 900	4 900	5 000	5 000
Saskatchewan	3 437	3 715	3 850	3 700	3 600	3 700	3 700
Alberta	40 847	48 962	47 000	44 500	42 000	40 000	39 500
British Columbia	34 667	36 443	34 700	32 300	31 800	31 500	30 000
Canada	225 481	227 395	213 425	200 175	195 150	190 850	188 250

Prince Edward Island

The Island's economy will grow moderately over the 2008 to 2011 period. The most important sectors that will contribute to this growth will be tourism, agriculture and fisheries. The province continues to focus on the importance of the tourism sector by developing new strategies that aim to increase the overall sector's contribution to the province's GDP over the forecast period. The Island's growing aerospace industry, which is located mainly in the Summerside area, is also expected to expand as the Island's economy continues to diversify in an attempt to decrease it's reliance on the primary industries.

A positive outlook for growth in the provincial population is also expected. Net-migration should remain positive as people continue to return to the Island. The trend of urbanization will support the housing markets in both Charlottetown and Summerside. Also, due to the rising cost of new homes demand is expected to shift from single-detached units to multiples over the forecast period. As a result total starts will rise slightly to 650 units by 2011 from 600 in 2008.

Newfoundland and Labrador

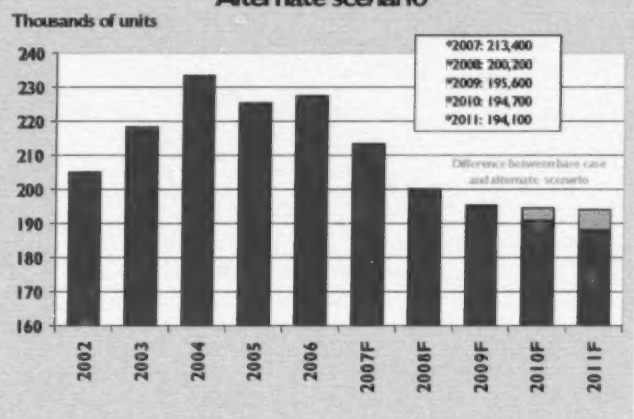
The province continues to struggle with an annual deficit and must address the issue of having the highest per capita provincial government debt levels in the country. Therefore fiscal restraint measures will continue to be required over the forecast period. Also, the fishing industry continues to pose downside risk to rural economies. However, recent increases in both crab quotas and prices are good news for an otherwise deflated industry. Population losses continue, reflecting on-going negative net-migration patterns and natural population decline. Given the current demographic and economic outlook, a gradual decline in housing demand is anticipated. Accordingly, total starts are expected to decline from 2,050 in 2008 to 1,850 by 2011.

Alternate Scenario for Long-Term Housing Starts Forecast

According to the Census of Canada, nearly 150,000 households were formed per year between the 1996 and 2001. Forecasts of household formation between the 2001 and 2006 Census period range from 180,000 to 190,000 households per year, up significantly from the pace of household formation in the previous 5 year period. The estimated increase in household formation since the late 1990s reflects positive economic conditions such as low mortgage rates, strong job growth and demographic factors such as the strong level of net migration (number of immigrants minus the number of emigrants). Our base case long term forecast, in which housing starts in Canada slow to 188,250 units by 2011, is based on a conservative assumption, that the annual rate of household formation will be in the 180,000 to 185,000 range between 2006 and 2011.

There is some risk that household formation could be higher than this, particularly in Ontario and Quebec, which attract a large proportion of Canada's immigrants. As a result, we have also prepared an alternate scenario for the long term forecast in which household formation between 2006 and 2011 is higher than expected, averaging 190,000 per year. Even in this alternate scenario, housing starts are forecast to decrease over the medium term to reach 194,100 units. This is nearly 6,000 units higher than our base case forecast of 185,500 starts in 2011. Most of the increase in construction relative to the base case is in Ontario where housing starts decrease to 67,000 units in 2011 compared to 62,000 in our base case. Housing starts in Quebec also get a boost under this alternate scenario of higher household formation. By 2011, Quebec housing starts are forecast to decline to 39,000 units, compared to 38,000 units in the base case forecast.

Total Housing Starts, Canada
Alternate scenario



British Columbia

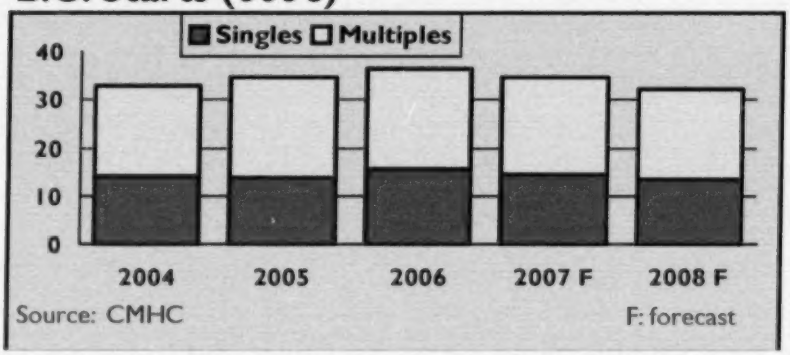
Overview

Solid Labour Market Keeps Housing Demand Humming

British Columbia's housing sector will put in an above-average performance in 2007 as job growth keeps demand for homeownership high. An increase in the supply of homes for sale will help slow the growth in average home prices from the double-digit pace recorded in recent years. Employment gains, which have been solid since the beginning of 2002, surged higher in the first quarter of 2007. Job creation in BC continues to be concentrated in full-time positions. Income growth in the province will remain above the national average and support the demand for housing.

Job opportunities, generated by a growing economy, will attract people from other parts of Canada and will reinforce strong housing demand. BC's unemployment rate is low averaging 4.2 per cent during the first quarter of 2007, well below the national average of 6.2 per cent and third lowest behind Alberta's 3.4 per cent and Saskatchewan's 4.1 per cent. Net migration, including international and inter-provincial migration, will add about 100,000 people to the provinces population during the next two years.

B.C. Starts (000's)



Source: CMHC F: forecast

Sellers' market conditions have prevailed since 2002. A sharp increase in MLS® sales activity earlier this decade outpaced rise in new listings coming to the market. More recently, the supply of MLS® listings has risen almost 14 per cent since the start of 2006; MLS® sales decreased by 9 per cent over this period. The increased choice of existing homes on the resale market will mean less spill-over of demand into new home construction.

Demand for homeownership, stemming from a solid labour market, will keep housing starts above their ten-year average. Housing starts will decline modestly compared to 2006 to 34,700 units in 2007. Next year, 32,300 houses will be started.

In Detail

Single Starts: The number of single-detached starts projected for 2007 will be slightly lower than in 2006, which was an above-average year for this type of construction. Single-detached homes remain a highly sought after type of accommodation. Builders will pour foundations for 14,400 single homes in 2007. Single starts will decrease to 13,500 units next year.

Multiple Starts: A combination of high land costs and preferences for accommodations with access to transportation and urban amenities will result in more than 20,000 multiple-unit starts this year. Multiple family home starts will make up about two-thirds of new residential construction. The trend to denser types of housing is not confined to the Vancouver market. It is becoming more common in other centres. In Kelowna, for example, multiple family home starts will exceed single-detached starts for the third consecutive year in 2007. In 2008, multiple starts will decrease to 18,800 units.

Resales: Resale home activity will moderate during the next two years, but remain near historically high levels. Driven by strong economic fundamentals and population growth, British Columbia's existing home market will continue to be one of the most active in the country. MLS® sales will decrease to 94,500 units and 92,000 units in 2007 and 2008, respectively.

Prices: The average MLS® price in BC will rise at a faster pace than the national average. However, more listings in the market will increase choice for homebuyers and temper the pace of price growth. Some markets will still see double-digit price gains again in 2007. The average MLS® price in B.C. will increase by 8.7 per cent in 2007 and by 4.2 per cent in 2008.

Provincial Highlight

According to the latest Census population figures, British Columbia is the most urbanized province in Canada. About 85 per cent of the population lived in urban areas, with 67 per cent living in Vancouver, Victoria, Kelowna or Abbotsford.

Kelowna, a new Census Metropolitan Area (CMA), was the fastest growing CMA in BC. Kelowna's population increased by 9.8 per cent between 2001 and 2006. In recognition of Kelowna's growing population and high levels of housing activity, the Local Market Indicators table on page 25 now includes forecasts of housing starts, resale prices and rental market indicators for the Kelowna CMA.

Alberta

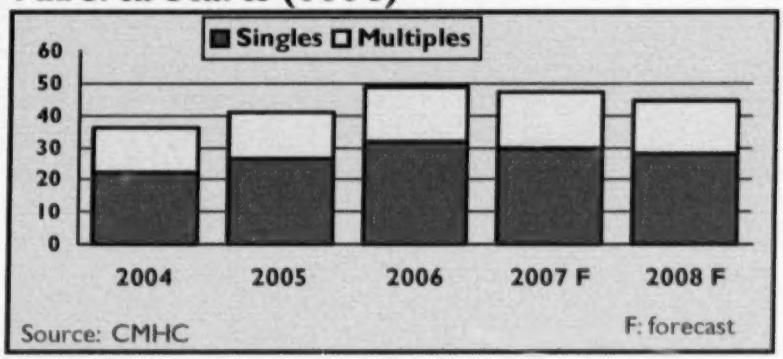
Overview

Economic outlook continues to impress

Despite a softer pace of economic growth, Alberta will remain among the top economic performers through 2008. A moderate retreat in energy prices will cool provincial GDP growth from a lofty 6.5 per cent last year to 4.5 per cent in 2007 and 4.0 per cent in 2008. A commercial construction boom will be a notable contributor to GDP growth through 2008, compensating for modestly weaker housing starts. In addition, rapid population growth and impressive wage gains will boost personal consumption, albeit at a lesser rate than in 2006 as some income gets reallocated toward mortgage carrying costs. From 2005 to 2008, the monthly carrying cost for an average priced home will have nearly doubled. Abundant job opportunities will result in a further increase in Alberta's labour force participation rate, which is already at its highest on record. Combined with record migration, this will enable an impressive employment expansion of 4.4 per cent this year. In 2008, job growth will scale back to 1.8 per cent as Alberta's labour shortages exacerbate. The unemployment rate will fall to the lowest level on record for the province, slipping below three per cent. After reaching a record 86,000 people in 2006, net migration will moderate to 73,000 people in 2007 and 60,000 next year. International migration will continue to climb, but migrants from other provinces will lessen due to the growing disparity in provincial house prices and improved economic conditions in competing provinces.

Economic and demographic conditions will remain favourable for new home construction, though significant price gains will serve to inhibit demand. In that context, we expect starts to slip four per cent in 2007 to 47,000 units and another five per cent next year to 44,500 units.

Alberta Starts (000's)



In Detail

Single Starts: Alberta's home builders will be extremely busy over the forecast period, though construction will fall short of the record experienced in 2006. Following 31,835 units last year, single-detached housing starts are expected to reach 29,500 and 28,000 units in 2007 and 2008, respectively. Cost escalation will be the dominant factor behind the decline. The most recent release of the New House Price Index reveals a 41 per cent year-over-year gain in the cost of building a home in Alberta.

Multiple Starts: After reaching a 24-year high in 2006, expect multi-family construction to climb further in 2007 before slipping back next year. Entry-level buyers seeking less expensive units will sustain demand at high levels this year, resulting in 17,500 multiple starts. In 2008, construction will ease to 16,500 units.

Resales: Counter to previous expectations, the recent escalation in house prices has failed to hamper existing home demand. Rather, MLS® sales continue to climb. Additional selection in most markets combined with tight rental markets is also facilitating a jump in sales. Accordingly, existing home sales in 2007 will set a record for the seventh consecutive year, reaching 79,000 units. In 2008, weaker migration and further price gains should drop sales to 75,500 units, still the second best on record.

Prices: Record demand combined with relatively low listings will result in continued price pressure in Alberta. Following an unprecedented 31 per cent gain in 2006, the average resale price is expected to climb another 26 per cent in 2007 and 10 per cent in 2008. As a result, Alberta is rapidly closing in on B.C. as the most expensive resale market in Canada. Two years ago, B.C.'s average price was 52 per cent higher than in Alberta. By 2008, that margin will narrow to only 10 per cent.

Provincial Highlight

Results from the 2006 Census reveal that Alberta's population increased by 10.6 per cent between 2001 and 2006, the highest growth rate among provinces and nearly double the national average of 5.4 per cent. Among Canada's Census Metropolitan Areas (CMAs), Calgary's population recorded the second strongest growth rate, while Edmonton's population was the fourth fastest growing. Across the province, Okotoks was the fastest growing of all urban centres, where the population increased by an astounding 47 per cent between 2001 and 2006.

Saskatchewan

Overview

Employment and migration outlooks support housing demand

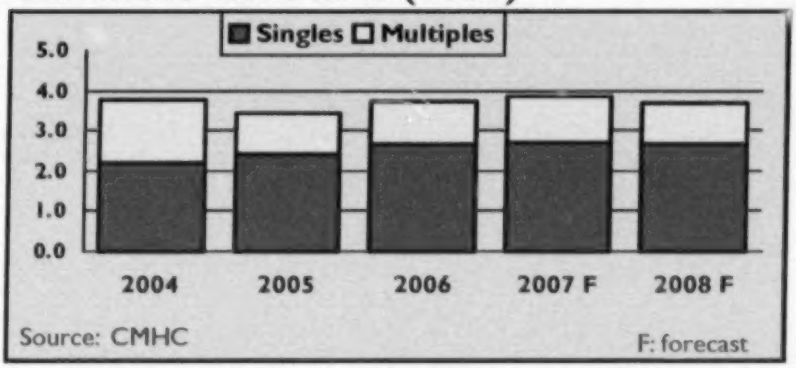
Economic growth in Saskatchewan will remain on a strong and steady course through 2008, coming in around three per cent for the fifth consecutive year. Personal consumption will be a major catalyst for growth for the next few years, thanks to healthy income gains, a jump in employment, and a two percentage point cut in the provincial sales tax. The robust growth rate also reflects an anticipated recovery in uranium and potash production, following significant declines in 2006.

A favourable economic outlook combined with efforts to retain residents will help stem the net outflow of migrants from Saskatchewan . The 2007-2008 provincial budget introduced the new Graduate Tax Exemption which enables post-secondary graduates who live in the Saskatchewan to earn $100,000 tax free in their first five years of employment. This should contribute to reducing the province's net-migration loss to only 1,000 migrants in 2008, the strongest migratory performance since 1996.

Continued economic growth, higher labour force participation, and an improved migration picture will lead to payrolls expanding by 2.4 per cent in 2007, the strongest rate of Saskatchewan job creation since 1979. Gains will be led by the oil, gas, and mining sector, as well as in construction. This will draw down the unemployment rate to the lowest level in over 30 years. However, with the economy operating at full employment in 2008, job growth will be limited to less than one per cent.

The above factors will drive housing starts in 2007 to their best performance in 19 years, reaching 3,850 units. Expect a modest decline in construction to 3,700 units in 2008 as some pent-up demand is satisfied and depleted inventories get replenished.

Saskatchewan Starts (000's)



Source: CMHC F: forecast

In Detail

Single starts: Single-detached starts are expected to reach a 20-year high in 2007, with construction starting on 2,700 units. Builders continue to experience difficulty completing units due to skilled labour shortages. While this has boosted the inventory of units under construction, they are being absorbed quickly upon completion. With this in mind, we expect only a slight decline in the number of single starts in 2008 to 2,650 units as the robust economy maintains housing demand at high levels.

Multiple Starts: Multiple starts will increase this year to 1,150 units before slipping to 1,050 in 2008. Upper-end condominiums appealing to empty-nesters will dominate construction, though some rental starts could occur given the expectation of lower vacancy rates and higher rents.

Resales: Existing home sales through MLS® will reach 10,200 units in 2007, the highest level on record. This hectic pace will cool only slightly in 2008, when MLS® sales reach 9,700 units. Real estate agents are reporting a shortage of listings for certain price ranges and some markets are seeing multiple offers for the most desirable listings.

Prices: The average resale price will jump by more than 12 per cent in 2007 to $149,000 and see a further increase to $161,500 in 2008. Listings shortages and strong demand are important contributors to the price escalation, though increased market share of higher-priced homes is also ramping up the average price.

Provincial Highlight

Saskatchewan experienced an important milestone in the last three months of 2006, as 1,524 more people moved to the province than left. This represents the first quarter in nearly 20 years that net migration was positive. Interprovincial migration was the largest contributor to this gain, totaling 1,086 people on a net basis. The majority of interprovincial migrants arrived from Manitoba and Ontario. However, Saskatchewan was also a magnet for Albertans in the fourth quarter, a notable result considering that over the past five years, Alberta gained almost 26,000 people from Saskatchewan through net migration.

Manitoba

Overview

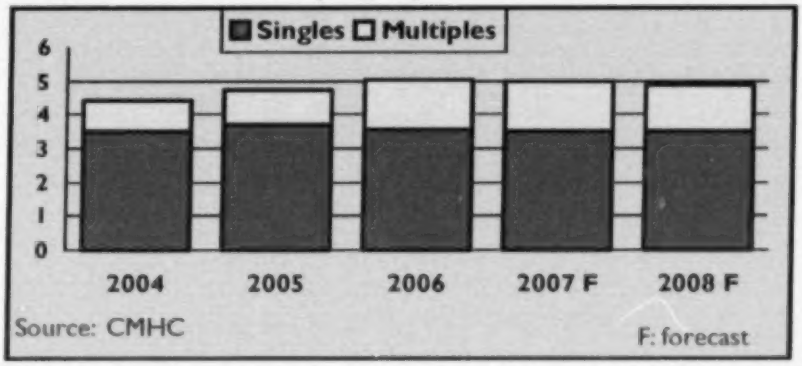
Solid economic performance maintains housing demand

Manitoba's economy is expected to expand by 2.8 per cent in 2007 and 3.0 per cent in 2008, slightly higher than the national growth rate. Next year will be the third in succession that Manitoba's economic growth surpassed the Canadian average and the first time on record that the province's economy grew by 2.5 per cent or more for five consecutive years.

A number of factors will contribute to Manitoba's solid economic performance through 2008, the most notable being private and public investment. Housing starts should remain flat, though non-residential investment will more than compensate due to a number of major construction projects in progress. These include the $1-billion Wuskwatim hydroelectric generating station and the Red River Floodway expansion. The mining sector will continue to benefit from heightened metal prices, and will receive an additional boost in 2008 when a new nickel mine begins production.

Despite a healthy pace of economic growth, the rate of job creation in Manitoba will be comparatively weak due to persistent labour shortages. Payrolls will expand by around one per cent annually through 2008, drawing the unemployment rate down to its lowest level on record. Given the province's tight labour market conditions, most if not all of the jobs created will be full-time positions.

Manitoba Starts (000's)



The Manitoba government continues to look for innovative solutions to address the province's skilled labour shortages. A new tuition rebate program combined with Manitoba's low unemployment rate should help stem the outflow of migrants to other provinces in the coming years. Meanwhile, the Provincial Nominee Program will continue to help the province to attract a large number of immigrants, through 2008, yielding among the strongest rates of international migration on record. As a result, total net migration should increase for the third consecutive year, reaching 2,500 people by 2008.

Based on the above conditions, housing starts are expected to total 5,000 units in 2007 and 4,900 next year. Including 2006, this will represent the best three-year performance for new home construction in over 30 years.

In Detail

Single Starts: Builders across Manitoba are forecast to pour 3,500 single-detached foundations this year and next. Slightly less than half of this activity will take place in Winnipeg with much of the demand coming from move-up buyers. Demand in centres outside of Winnipeg will be due to household growth in these areas and from households in Winnipeg seeking to build vacation homes.

Multiple Starts: An examination of building permit data reveals plans for several new apartment complexes in Winnipeg. Commencements of these projects will push provincial multi-family starts to 1,500 units in 2007, the best performance since 1988. Activity will edge down slightly to 1,400 units in 2008. Winnipeg will account for over three-quarters of the provincial multiple starts activity.

Resales: Manitoba will be the only province to experience growth in total MLS® sales this year and next. Positive economic conditions will translate into ownership demand from first-time and move-up buyers. Total MLS® sales in Manitoba will reach 13,200 units this year and rise to 13,300 units in 2008. Virtually all of this activity will take place in Winnipeg, Brandon and Portage la Prairie.

Prices: From 2001 to 2006, the average MLS® price in Manitoba increased at an annual compound growth rate of 10 per cent, matching the national average. The average MLS® price will grow by 7.5 per cent in 2007 and by 5.3 per cent in 2008 to reach $170,000.

Provincial Highlight

Non-urban centres or communities with populations of under 10,000 persons are a major contributor to residential construction activity in Manitoba. In 2006, six of the top ten centres in terms of single-detached starts were communities with less than 10,000 persons. The top ten producers in order were Winnipeg, Steinbach, Brandon, Winkler, Lac Du Bonnet, Hanover RM, Gimli, St. Andrews RM, Rockwood RM and MacDonald RM. It should be noted as of the 2006 Census, Steinbach's population has now reached 11,066 persons.

Ontario

Overview

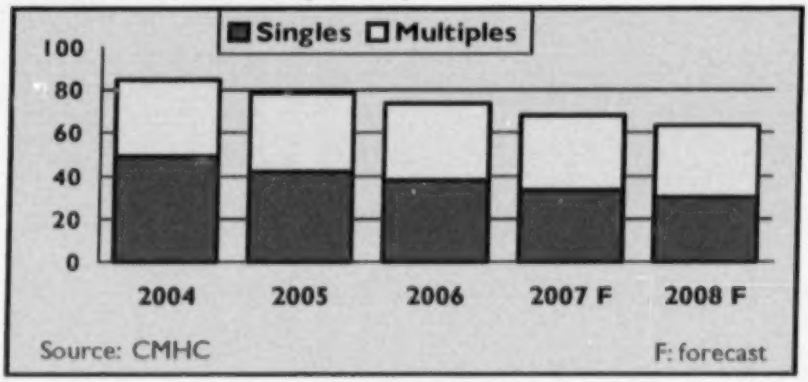
Modest employment growth will dampen housing activity

Ontario's leading economic indicators are pointing at a gradual improvement in regional economic conditions. Housing demand across the province will remain healthy. Ontario's existing home market will lead the way, continuing to capture a growing share of total home sales. Still, home starts will remain above historical averages, reaching 68,000 units this year and 63,875 units in 2008. High new detached home prices, more choice in the existing home market and supply constraints are some factors that will dampen housing starts.

Growth in Ontario's real GDP will average 1.8 per cent in 2007, down from an average rate of 3.4 per cent during the last decade. Slowing US economic growth combined with declining manufacturing shipments will be key factors weighing on Ontario's economic growth in the near term. However, a combination of factors will help boost the provincial economy through this year and into 2008. Ontario's manufacturing & export sectors is adjusting to the higher value of the Canadian dollar and will benefit from a recovering US economy. Recent budget announcements favouring more infrastructure, education and health investments will also boost economic activity. Furthermore, the all important consumer sector will benefit from low interest rates, rising personal incomes and moderating energy prices. While output in the goods sector stabilizes near year end, service sector employment will still be the main driver of job creation.

A narrowing economic growth gap between the west and central Canada suggests that the net outflow of Ontarians headed west will begin to subside by 2008. This combined with rising immigration should help sustain population growth across the province.

Ontario Starts (000's)



In Detail

Single Starts: Demand for higher priced detached homes will cool despite a rapidly growing mid 40s population which prefers low density homes. The decline in detached starts will have the largest impact on total home starts between this year and the end of 2008. Single starts will decrease to 33,000 units this year and 29,875 units in 2008

Multiple Starts: A shrinking but healthy pool of first time buyers looking for less expensive homes combined with provincial government efforts to promote higher density construction, suggests condominium apartments will remain in demand. Multiple starts will inch modestly lower to 35,000 units this year and 34,000 units in 2008.

Resales: Sales through the Multiple Listing Services will pull back only modestly from an all time record in 2004. Improved affordability suggests MLS® sales will remain near last year's level reaching 196,125 units in 2007. Existing home sales will fall to 185,590 units in 2008 as rising prices push mortgage carrying costs higher.

Prices: A more balanced resale market resulting from higher home listings will dampen the pace of price growth. The average MLS® price in Ontario will rise by 5.4 and 3.3 per cent this year and next, respectively.

Provincial Highlight

Canada's population grew by 5.4% between the 2001 and 2006 censuses. Alberta and Ontario were responsible for two thirds of Canada's population growth. Ontario posted population growth of 6.6 per cent (1.3% annually), slightly higher vis-a-avis the previous census period (1996-2001). The Greater Golden Horseshoe area in southern Ontario was home to many CMAs which registered population growth rates that exceeded the national average. Areas registering above average growth included: Barrie, Oshawa, Toronto, Kitchener, Guelph and Brantford. Stronger population growth in Ontario and Alberta during the latest census coincided with strong housing demand in these urban areas.

Quebec

Overview

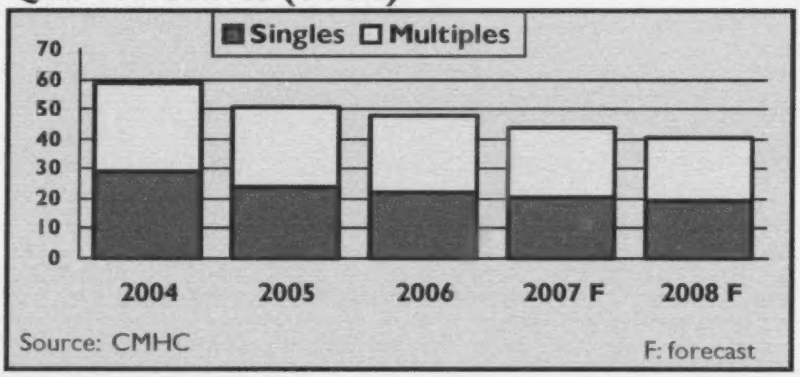
Starts to decline in 2007

Quebec's economy will expand at a more moderate rate during the next two years, as weaker consumer spending and a struggling export sector bring down provincial GDP growth below the 2 per cent mark in 2007. Given the new political landscape, it is difficult to anticipate the degree to which the provincial government will be able to stimulate Quebec's economy with fiscal measures. Growth in public spending is forecast to remain limited, however, several major projects are expected for 2007. Given this context, we expect GDP and employment growth in 2007 of 1.7 per cent and 1.3 per cent, respectively.

Meanwhile demographic factors shall contribute to housing demand. A decrease in the number of people moving to western Canada and slight increases in international immigration to Quebec will bring total net migration in the province back over the 30,000 person level, while population aging shall contribute to resale and new sale activity.

Moderate economic growth and exhausted pent up demand shall cause Quebec residential construction to cool during the next two years. However, stimulative home buying conditions will sustain overall housing demand. As a result housing starts will remain high at nearly 44,000 unit in 2007 and 40,250 units in 2008.

Quebec Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: Supply on the resale market will remain strong, which will provide competition to the new home market. As a result, demand for single detached homes will continue to weaken in the coming years. Finally, the gradual shifting of demand toward the less expensive and increasingly popular multi-family market will further affect single starts. We expect approximately 20,000 single starts in 2007 and 19,250 single starts in 2008.

Multiple Starts: After a year of vigorous construction, starts of multi-family units shall recede more visibly in 2007 and 2008. However rising net migration and population aging continues to generate demand for condominiums and seniors residences will keep starts in this segment strong. Multiple starts will decrease to about 23,000 units in 2007 and to 21,000 units in 2008.

Resales: Home buying conditions will remain favourable and housing demand will gradually shift away from the new market toward the existing home market. This will help to sustain MLS® sales at very high levels in the near term. Sales of existing homes on the Multiple Listing Service (MLS) will increase to 73,000 units in 2007 but will edge lower in 2008 to 70,000 units.

Prices: Rising inventory of existing homes and an eventual slowing demand will move the resale market toward more balanced conditions. As a result, price growth will slow to 4.6 per cent in 2007 and to 2.9 per cent in 2008.

Provincial Highlight

According to CHMC's 2006 Quebec retirement home survey, vacancy rates continued to rise in nearly all major markets. With an ageing provincial population demand for these residences remains strong. However, the construction of new retirement homes has also been very strong and vacancy rates in retirement homes have risen in many centres across the province. In the Montreal Census Metropolitan Area (CMA), the overall vacancy rate in retirement homes rose from 4.1 per cent to 5.3 per cent in 2006, while the vacancy rate in the Quebec and Sherbrooke areas also approached the 5 per cent mark. While the vacancy rate in retirement homes also rose in the Gatineau and Saguenay areas, the seniors market remains slightly tighter (vacancy rates are between 2 and 3 per cent). Finally, the Trois-Rivières seniors market recorded a slight decrease in the retirement home vacancy rate (2.9 per cent compared to 3.7 per cent in 2005). Even though the long-term demographic trend points toward increasing demand for senior housing, a temporary levelling of growth in the number of Quebeckers aged 75 and over should bring about a similar pause in new construction of retirement homes.

New Brunswick

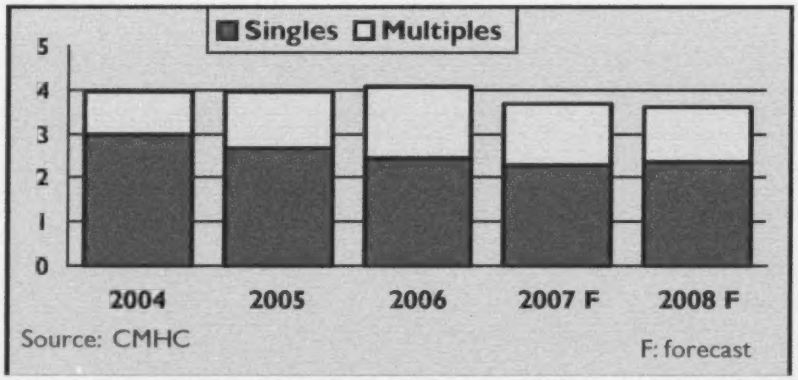
Overview

Economic Stability in 2007

Economic growth in New Brunswick last year was fuelled, in large part, by increased capital investment. Retail sales and housing-related spending continued trending upwards, further bolstering the provincial economy. Nevertheless, challenges emerged in the manufacturing sector due to the strong Canadian dollar and a slowdown in the U.S. housing market, which hampered exports of wood products.

Provincial economic growth in 2007 will get a boost from major projects. These include the expansion of the province's energy sector with the construction of the area's first LNG terminal and the refurbishment of the Point Lepreau Nuclear power generating station. Although still in the planning stages, the prospect of a new oil refinery bodes well for future economic activity in Southern New Brunswick. Expect GDP growth between 2.2 and 2.5 per cent in 2007, followed by a moderate increase in 2008. As migration to Western Canada continues, this will lead to a smaller labour force and will limit employment growth to less than one per cent. Although the residential housing market will remain strong in historical terms, housing starts are expected to decline slightly over the forecast period. Total starts should decline to 3,700 units in 2007 with a further drop to 3,600 in 2008.

New Brunswick Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: With increased construction costs, due in part to rising construction wages, the price gap between new and existing homes will continue to increase, which will reduce demand for new single homes. Therefore, expect a modest decline in single starts to 2,300 units in 2007 but a slight increase to 2,350 units in 2008.

Multiple Starts: In 2006, multiple starts posted the highest total in several decades with significant increases in Moncton and Saint John. The upward trend for row and semi-detached starts is expected to continue in 2007, while apartment starts will likely decline due to increasing vacancy rates. Expect a moderate decline in overall multiple starts from 1,640 units in 2006 to 1,400 units in 2007 and to 1,250 units in 2008.

Resales: Following the eighth consecutive annual increase, MLS® sales reached a record high in 2006. Rising numbers of new listings and relatively stable mortgage rates created favorable conditions for potential home buyers in 2006. MLS® sales are expected to recede moderately from last year's total of 7,125 units down to approximately 6,750 units in 2007 and 6,450 units in 2008.

Prices: Price growth continued in 2006, though at a reduced pace from previous years as new listings reached record levels. Growth in the average MLS price will slow to 1.4 per cent in 2007 but will pick up slightly in 2008 to 2.2 per cent.

Provincial Highlight

The resale market in New Brunswick posted record numbers in 2006 with 7,125 units sold, a 4.2 per cent increase over the previous year's record total of 6,836. Activity in the resale market did not let up at the start of 2007. Last year, existing homes sales in Moncton, Fredericton and Saint John accounted for approximately 90 per cent of total provincial sales. After the first two months of the year, existing home sales in these centres, the province's three largest urban areas, exceeded last year level by over 30 per cent. The rising cost of new construction has caused the average price of new homes to climb more rapidly than existing homes. In Moncton, Fredericton and Saint John the average price of new homes is 50 per cent higher than the average price of existing homes. As a result, a growing number of potential home owners are choosing an existing home instead of building a new home, which has allowed the provincial resale market to maintain its momentum.

Nova Scotia

Overview

Broad but gentle decline in housing

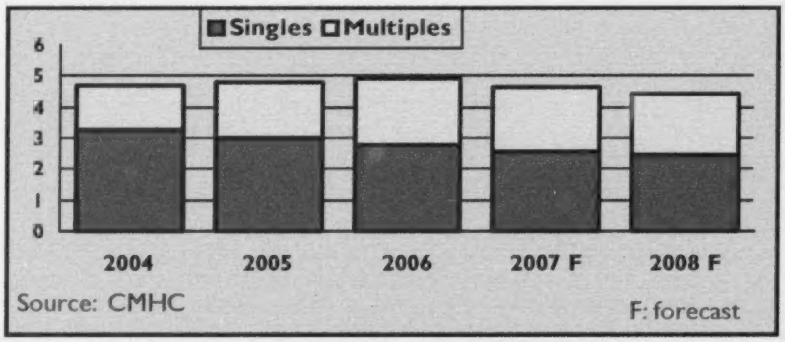
Economic conditions will remain quite supportive of housing demand with low mortgage rates, elevated consumer confidence, and gains in real (inflation adjusted) household income expected to continue through the end of 2008. However, negative net migration will hamper housing demand directly and also indirectly as an inadequate supply of labour constrains employment growth. The result will be a widespread but gentle slow down in the pace of existing home sales, house price growth, and construction activity across the province.

Consumption will continue to drive economic growth through the end of next year as tightening labour market conditions and low inflation generate growth in real household income. This will keep consumers spending across the province.

Investment will also contribute meaningfully to provincial GDP growth of approximately two and a half per cent forecast in each of 2007 and 2008. Despite a gradual slowing in residential construction, the non-residential sector remains very busy and is expected to offset any decline in housing starts. A host of challenges will continue to afflict the manufacturing sector and will dampen non-energy exports through the end of next year. In the energy sector, exploration activity remains subdued but progress with Deep Panuke and Keltic's LNG project provide some optimism for a revival in growth in this sector beyond the forecast horizon.

In short, economic conditions are expected to remain modestly supportive of housing activity through the end of 2008 but the broad and slight contraction that is now underway will continue with total housing starts slipping to 4,650 this year and to 4,400 in 2008.

Nova Scotia Starts (000's)



Source: CMHC

F: forecast

In Detail

Single Starts: Single-detached housing starts are forecast to decline to 2,550 units in 2007 and to 2,450 units in 2008. These will be the lowest production levels posted in the past 10 years. Softening resale market conditions across the province will continue to discourage widespread speculative construction activity. Furthermore, an expanding inventory of extensively renovated existing homes offers potential new home buyers with attractive alternatives to newly-built homes.

Multiple Starts: Multiple unit starts are expected to remain elevated this year at 2,100 units as demographic trends and rising construction costs encourage higher density development. While demand for newly-built townhouses and semis will remain stable, growth in apartment supply is expected to exceed growth in demand, resulting in rising rental vacancy rates and a buyer's condo market later this year. Expect a modest correction to occur in 2008 as multiple unit housing starts slide to 1,950 units.

Resales: A modest rebound in employment growth, low mortgage rates, and growth in real disposable income will support sturdy homeownership demand. Nevertheless, MLS® sales are forecast to slip to 10,000 units in 2007 and 9,500 units in 2008.

Prices: Annual average MLS® sale price growth is expected to decelerate to approximately five per cent this year and three per cent in 2008 as resale market conditions around the province soften.

Provincial Highlight

Although the manufacturing sector is relatively small in Nova Scotia, accounting for only 11 per cent of provincial GDP, it is a very important sector in many communities. Over the past two years, a high Canadian dollar, rising energy-related production and transportation costs, and fluctuating demand conditions have challenged the profitability of manufacturing firms in Nova Scotia. Over the past year, temporary and permanent plant closures have occurred in paper products, wood products, poultry processing, fish processing, and rail car production industries. These closures are a key factor in the forecast for a slower pace of sales and residential construction activity in Nova Scotia through 2008.

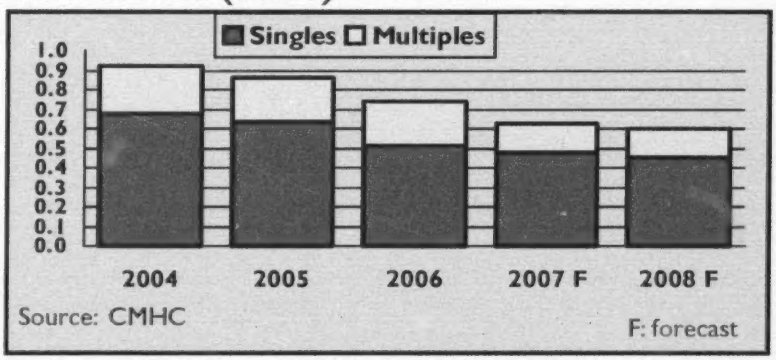
P.E.I.

Overview

Total Housing Starts to Slow in 2007

The agricultural sector is expected to remain stable over the next two years, resulting in an ample supply of raw materials for the food-processing sector. Tourism, which also contributes significantly to the Island's economy, is expected to remain stable over the forecast period, as a result of a more aggressive marketing campaign. There has also been significant growth in many non-traditional sectors for P.E.I., such as aerospace and financial services. As these industries continue to evolve, they will diversify the Island's economy, and contribute to the area's economic prosperity. The province's economy will grow by 1.8 per cent in 2007 and 1.5 per cent in 2008. Economic growth is expected to remain positive as a number of industries are poised to see improvements over the forecast period.

P.E.I. Starts (000's)



Employment growth will remain sluggish at 0.6 per cent in 2007 and 0.7 per cent in 2008and labour force growth will lag behind employment growth due to an increasing number of people relocating to Western Canada. As a result, P.E.I.'s unemployment rate will edge lower from 11.1 per cent in 2006 to 10.8 per cent in 2008.

Rising new home prices, combined with an increased level of new listings of existing homes, will result in a decline in housing starts to 625 units in 2007 and 600 units in 2008.

In Detail

Single Starts: Rising mortgage carrying costs, construction costs, and lot prices in urban centres will all contribute to a decreased level of single starts over the forecast period. As well, increased MLS®listings will further contribute to a decline in single starts as potential buyers opt for the resale market. Expect single starts to drop to 475 and 450 units in 2007 and 2008, respectively.

Multiple Starts: Following five years of strong activity, multiple starts will slow over the next two years. Also, the tenure of multiple starts is expected to focus on homeownership as opposed to rental. Expect multiple starts to decrease to 150 units in 2007 and remain at that level in 2008.

Resales: A rise in new listings and a broadening gap between existing and new home prices will cause many households to opt for the resale market. Therefore expect MLS® sales to record 1,425 and 1,350 sales in 2007 and 2008, respectively.

Prices: Price growth will moderate in 2007 due to a rise in listings. Furthermore, demand for more expensive homes will weaken due to rising homeownership costs. Growth in the average MLS® price will moderate to 4.3 and 4.0 per cent, respectively in 2007 and 2008.

Provincial Highlight

As part of Prince Edward Island's new marketing strategy to attract tourists, a number of large outdoor concerts are being planned for the summer months. In 2006, the Charlottetown area held a concert that drew an estimated 18,000 participants. The main benefits for the area in holding large shows like this is the excitement and the economic activity that comes with that, as well as the national exposure for the area. This year's event is expected to draw in excess of 25,000 people and provide Charlottetown with media coverage throughout North America and help to attract tourists as they plan their summer holidays.

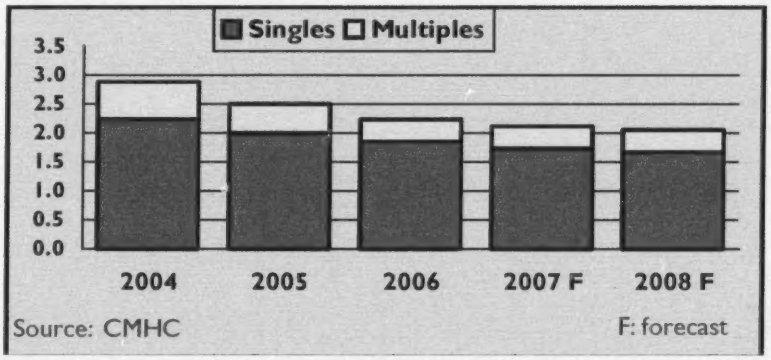
Newfoundland and Labrador

Overview

Sluggish employment growth will constrain housing demand

Economic growth will be significantly influenced by major project production schedules in 2007 and beyond. In particular, a rebound in Terra Nova oil production and increased output at Voisey's Bay mine. In fact, 2007 will be the first year where the White Rose, Hibernia and Terra Nova oil fields record a full year of production together. Accordingly, provincial GDP will grow by five per cent this year. Possible announcements and development of other major projects such as Hebron and Lower Churchill could have a substantial impact on economic growth. Some stimulus will also be provided by higher provincial government expenditures this year.

Newfoundland and Labrador Starts (000's)



Source: CMHC F: forecast

Employment will increase 0.7 per cent in 2007, with a 1.2 per cent gain in 2008. The fishery will continue to be challenged operationally by weak markets, a strong Canadian dollar and high fuel costs. With personal incomes expected to be slightly weaker and interest rates flat to increasing, expect only modest gains in consumer spending this year. Continuing provincial population losses combined with these factors will ease domestic demand. The lack of new mega-project construction will constrain employment growth in 2007. With sluggish employment growth and weaker income, housing starts will decline to 2,125 units in 2007 and to 2,050 units in 2008.

In Detail

Single Starts: Skilled trade supply issues, rising construction costs, competition from the existing home market and higher mortgage carrying costs will all continue to be key factors behind the downward trend in single-detached housing starts this year and next. Ongoing negative net-migration and marginal labour market performance will push the singles starts down to 1,750 units in 2007 and 1,675 units in 2008.

Multiple Starts: Multiple unit construction will rebound slightly this year, increasing 1.4 per cent to 375 units. Starts of single-detached homes with basement apartments have slowed somewhat, as homeowners opt for executive-style homes without apartments. Changing (smaller) household structures and favourable local economic activity continue to entice more developers to get involved in the ever-popular condo market in St. John's. Accordingly, condo starts are forecast to continue to increase. When combined with affordable housing initiatives, multiple housing starts will remain close to their current levels at 375 units in 2007 and 2008.

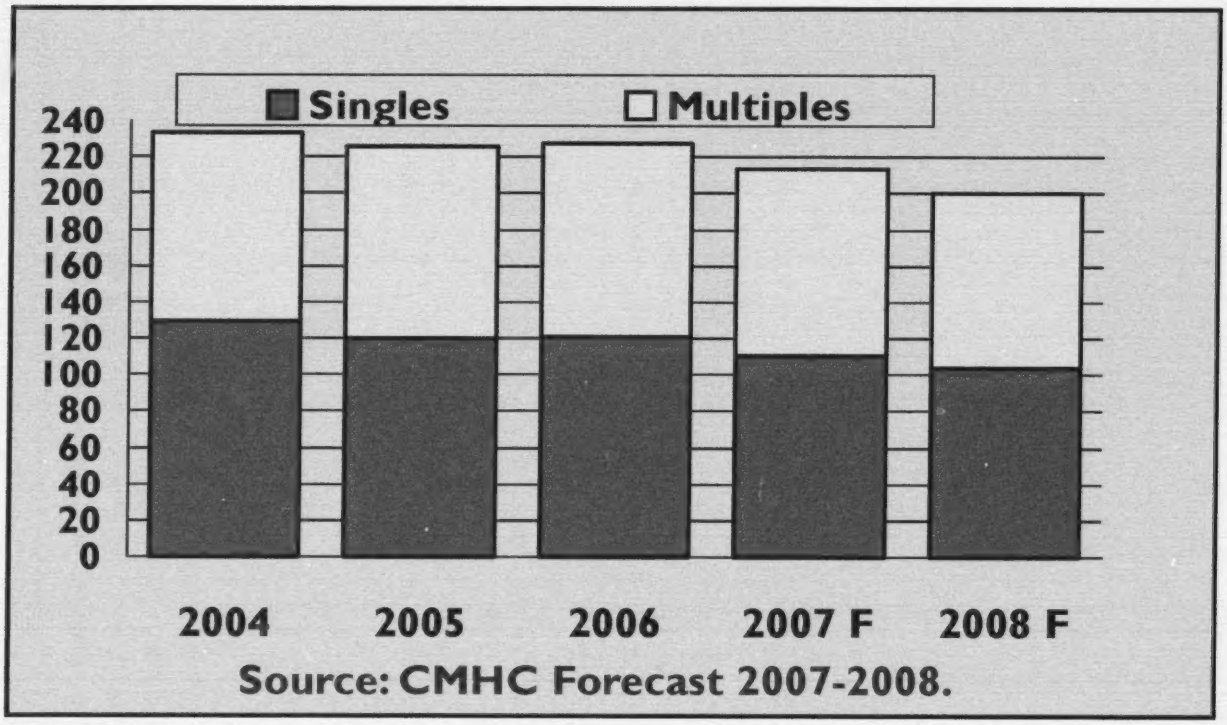
Resales: The surge in the supply of MLS® active listings has provided more choice in the resale market and has helped to sustain homebuyer activity in the St. John's region recently. Overall, demand is expected to ease somewhat this year and next. Provincial MLS® sales are forecast to edge down to 3,300 units this year and retreat to 3,100 units in 2008.

Prices: Despite surprising sales strength during the latter half of last year, the surge in the supply of homes for sale caused the average MLS® house price to decrease in 2006. The average MLS® sales price is expected to increase by 2.0 per cent in 2007. The outlook for 2008 will be impacted by a continued decline in demand, with the average MLS® price forecast to increase by 1.9 per cent.

Provincial Highlight

Recent growth within the St. John's condo market appears to be the result of positive net-migration to the region, smaller household structures, an aging population, and increased economic avtivity and employment. Current trends indicate that street-level condos in established neighbourhoods are most popular. Quality, location and lifestyle choices continue to drive the condo market in St. John's. However, with an average price of $200 per square foot, future sales will be strong within developments that are perceived as affordable by buyers.

Canada Starts (000's)



Total Housing Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**2,419**	**2,692**	**2,870**	**2,498**	**2,234**	**2,125**	**2,050**
%	35.3	11.3	6.6	-13.0	-10.6	-4.9	-3.5
PEI	**775**	**814**	**919**	**862**	**738**	**625**	**600**
%	14.8	5.0	12.9	-6.2	-14.4	-15.3	-4.0
NS	**4,970**	**5,096**	**4,717**	**4,775**	**4,896**	**4,650**	**4,400**
%	21.5	2.5	-7.4	1.2	2.5	-5.0	-5.4
NB	**3,862**	**4,489**	**3,947**	**3,959**	**4,085**	**3,700**	**3,600**
%	11.6	16.2	-12.1	0.3	3.2	-9.4	-2.7
QUE	**42,452**	**50,289**	**58,448**	**50,910**	**47,877**	**43,775**	**40,250**
%	53.4	18.5	16.2	-12.9	-6.0	-8.6	-8.1
ONT	**83,597**	**85,180**	**85,114**	**78,795**	**73,417**	**68,000**	**63,875**
%	14.1	1.9	-0.1	-7.4	-6.8	-7.4	-6.1
MAN	**3,617**	**4,206**	**4,440**	**4,731**	**5,028**	**5,000**	**4,900**
%	22.1	16.3	5.6	6.6	6.3	-0.6	-2.0
SASK	**2,963**	**3,315**	**3,781**	**3,437**	**3,715**	**3,850**	**3,700**
%	24.4	11.9	14.1	-9.1	8.1	3.6	-3.9
ALTA	**38,754**	**36,171**	**36,270**	**40,847**	**48,962**	**47,000**	**44,500**
%	32.8	-6.7	0.3	12.6	19.9	-4.0	-5.3
BC	**21,625**	**26,174**	**32,925**	**34,667**	**36,443**	**34,700**	**32,300**
%	25.5	21.0	25.8	5.3	5.1	-4.8	-6.9
Canada	**205,034**	**218,426**	**233,431**	**225,481**	**227,395**	**213,425**	**200,175**
%	26.0	6.5	6.9	-3.4	0.8	-6.1	-6.2

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	2,092	2,240	2,229	2,005	1,864	1,750	1,675
%	30.9	7.1	-0.5	-10.0	-7.0	-6.1	-4.3
PEI	582	613	682	634	512	475	450
%	5.6	5.3	11.3	-7.0	-19.2	-7.2	-5.3
NS	3,363	2,968	3,270	3,010	2,757	2,550	2,450
%	21.8	-11.7	10.2	-8.0	-8.4	-7.5	-3.9
NB	2,769	3,139	2,970	2,665	2,445	2,300	2,350
%	7.6	13.4	-5.4	-10.3	-8.3	-5.9	2.2
QUE	25,257	27,225	28,871	23,930	21,917	20,600	19,250
%	46.9	7.8	6.0	-17.1	-8.4	-6.0	-6.6
ONT	51,114	47,610	48,929	41,682	38,309	33,000	29,875
%	29.0	-6.9	2.8	-14.8	-8.1	-13.9	-9.5
MAN	3,016	3,165	3,484	3,709	3,552	3,500	3,500
%	22.6	4.9	10.1	6.5	-4.2	-1.5	0.0
SASK	1,931	2,097	2,193	2,425	2,689	2,700	2,650
%	18.7	8.6	4.6	10.6	10.9	0.4	-1.9
ALTA	24,520	21,918	22,487	26,684	31,835	29,500	28,000
%	24.0	-10.6	2.6	18.7	19.3	-7.3	-5.1
BC	10,730	12,252	14,056	13,719	15,433	14,400	13,500
%	36.5	14.2	14.7	-2.4	12.5	-6.7	-6.3
CAN	125,374	123,227	129,171	120,463	121,313	110,775	103,700
%	30.6	-1.7	4.8	-6.7	0.7	-8.7	-6.4

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	327	452	641	493	370	375	375
%	72.1	38.2	41.8	-23.1	-24.9	1.4	0.0
PEI	193	201	237	228	226	150	150
%	55.6	4.1	17.9	-3.8	-0.9	-33.6	0.0
NS	1,607	2,128	1,447	1,765	2,139	2,100	1,950
%	20.7	32.4	-32.0	22.0	21.2	-1.8	-7.1
NB	1,093	1,350	977	1,294	1,640	1,400	1,250
%	22.9	23.5	-27.6	32.4	26.7	-14.6	-10.7
QUE	17,195	23,064	29,577	26,980	25,960	23,175	21,000
%	63.9	34.1	28.2	-8.8	-3.8	-10.7	-9.4
ONT	32,483	37,570	36,185	37,113	35,108	35,000	34,000
%	-3.5	15.7	-3.7	2.6	-5.4	-0.3	-2.9
MAN	601	1,041	956	1,022	1,476	1,500	1,400
%	19.5	73.2	-8.2	6.9	44.4	1.6	-6.7
SASK	1,032	1,218	1,588	1,012	1,026	1,150	1,050
%	36.9	18.0	30.4	-36.3	1.4	12.1	-8.7
ALTA	14,234	14,253	13,783	14,163	17,127	17,500	16,500
	51.3	0.1	-3.3	2.8	20.9	2.2	-5.7
BC	10,895	13,922	18,869	20,948	21,010	20,300	18,800
%	16.3	27.8	35.5	11.0	0.3	-3.4	-7.4
CAN	79,660	95,199	104,260	105,018	106,082	102,650	96,475
%	19.4	19.5	9.5	0.7	1.0	-3.2	-6.0

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2002	2003	2004	2005	2006	2007(F)	2008(F)
NF	Semi-detached	36	66	264	151	122	150	150
	Row	42	107	51	31	39	25	25
	Apartment	249	279	326	311	209	200	200
	Total	327	452	641	493	370	375	375
PEI	Semi-detached	64	72	76	111	62	60	60
	Row	47	40	80	75	13	20	20
	Apartment	82	89	81	42	151	70	70
	Total	193	201	237	228	226	150	150
NS	Semi-detached	253	338	266	301	353	375	325
	Row	144	277	186	265	255	250	225
	Apartment	1,210	1,513	995	1,199	1,531	1,475	1,400
	Total	1,607	2,128	1,447	1,765	2,139	2,100	1,950
NB	Semi-detached	186	254	293	391	482	500	425
	Row	68	143	256	203	275	225	225
	Apartment	839	953	428	700	883	675	600
	Total	1,093	1,350	977	1,294	1,640	1,400	1,250
QC	Semi-detached	1,855	2,432	2,932	2,678	2,599	2,375	2,100
	Row	964	773	1,109	1,074	1,343	1,400	1,400
	Apartment	14,376	19,859	25,536	23,228	22,018	19,400	17,500
	Total	17,195	23,064	29,577	26,980	25,960	23,175	21,000
ON	Semi-detached	6,886	6,379	5,172	4,673	4,393	3,900	3,900
	Row	11,849	12,191	12,824	12,537	11,046	9,500	9,000
	Apartment	13,748	19,000	18,189	19,903	19,669	21,600	21,500
	Total	32,483	37,570	36,185	37,113	35,108	35,000	34,400
MAN	Semi-detached	68	88	132	133	178	175	155
	Row	76	62	92	161	158	150	145
	Apartment	457	891	732	728	1,140	1,175	1,100
	Total	601	1,041	956	1,022	1,476	1,500	1,400
SK	Semi-detached	142	95	184	236	123	200	100
	Row	456	594	681	378	423	400	400
	Apartment	434	529	723	398	480	550	550
	Total	1,032	1,218	1,588	1,012	1,026	1,150	1,050
ALB	Semi-detached	2,869	2,567	2,916	3,012	3,807	3,750	3,300
	Row	2,531	2,859	2,401	2,951	2,935	3,000	3,000
	Apartment	8,834	8,827	8,466	8,200	10,385	10,750	10,200
	Total	14,234	14,253	13,783	14,163	17,127	17,500	16,500
B.C.	Semi-detached	1,225	1,353	2,062	1,791	2,239	1,800	1,500
	Row	2,305	3,297	4,387	4,459	4,476	3,900	3,400
	Apartment	7,365	9,272	12,420	14,698	14,295	14,600	13,900
	Total	10,895	13,922	18,869	20,948	21,010	20,300	18,800
CAN	Semi-detached	13,584	13,644	14,297	13,477	14,358	13,285	11,615
	Row	18,482	20,343	22,067	22,134	20,963	18,870	17,840
	Apartment	47,594	61,212	67,896	69,407	70,761	70,495	67,020
	Total	79,660	95,199	104,260	105,018	106,082	102,650	96,475

Source: CMHC Forecast 2007-2008.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	3,014	3,238	3,265	3,211	3,537	3,300	3,100
%	7.3	7.4	0.8	-1.7	10.2	-6.7	-6.1
PEI	1,306	1,404	1,500	1,449	1,492	1,425	1,350
%	5.8	7.5	6.8	-3.4	3.0	-4.5	-5.3
NS	10,243	9,221	8,887	10,943	10,577	10,000	9,500
%	8.5	-10.0	-3.6	23.1	-3.3	-5.5	-5.0
NB	5,089	5,489	5,979	6,836	7,125	6,750	6,450
%	6.5	7.9	8.9	14.3	4.2	-5.3	-4.4
QUE	68,161	67,130	69,296	70,649	72,520	73,000	70,000
%	9.3	-1.5	3.2	2.0	2.6	0.7	-4.1
ONT	178,058	184,457	197,353	197,007	194,793	196,125	185,590
%	9.7	3.6	7.0	-0.2	-1.1	0.7	-5.4
MAN	11,108	11,523	12,098	12,761	13,018	13,200	13,300
%	-2.9	3.7	5.0	5.5	2.0	1.4	0.8
SASK	7,933	7,698	8,172	8,312	9,140	10,200	9,700
%	-0.5	-3.0	6.2	1.7	10.0	11.6	-4.9
ALTA	51,042	51,334	57,460	65,866	74,350	79,000	75,500
%	4.2	0.6	11.9	14.6	12.9	6.3	-4.4
BC	82,737	93,095	96,385	106,310	96,671	94,500	92,000
%	19.0	12.5	3.5	10.3	-9.1	-2.2	-2.6
CAN**	418,691	434,589	460,395	483,344	483,223	487,500	466,490
%	9.9	3.8	5.9	5.0	0.0	0.9	-4.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	113,081	119,822	131,499	141,167	139,542	142,292	145,000
%	8.3	6.0	9.7	7.4	-1.2	2.0	1.9
PEI	94,964	101,745	110,815	117,237	125,430	130,775	136,000
%	8.3	7.1	8.9	5.8	7.0	4.3	4.0
NS	126,669	136,292	146,033	159,247	169,237	178,475	184,450
%	9.7	7.6	7.1	9.0	6.3	5.5	3.3
NB	100,129	105,858	112,933	120,641	126,864	128,650	131,512
%	4.4	5.7	6.7	6.8	5.2	1.4	2.2
QUE	130,403	151,881	171,099	184,583	194,024	202,911	208,750
%	12.6	16.5	12.7	7.9	5.1	4.6	2.9
ONT	210,901	226,824	245,230	263,042	278,455	293,537	303,211
%	9.1	7.5	8.1	7.3	5.9	5.4	3.3
MAN	96,531	106,788	119,245	133,854	150,229	161,500	170,000
%	3.6	10.6	11.7	12.3	12.2	7.5	5.3
SASK	101,297	104,995	110,824	122,765	132,078	149,000	161,500
%	3.0	3.7	5.6	10.8	7.6	12.8	8.4
ALTA	170,253	182,845	194,769	218,266	285,383	360,000	395,000
%	10.7	7.4	6.5	12.1	30.7	26.1	9.7
BC	238,877	259,968	289,107	332,224	390,963	425,000	442,800
%	7.2	8.8	11.2	14.9	17.7	8.7	4.2
CAN**	188,785	207,162	226,386	249,255	277,020	303,478	318,350
%	9.9	9.7	9.3	10.1	11.1	9.6	4.9

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	1.7	2.4	1.0	-0.1	0.7	0.7	1.2
PEI	1.7	2.2	1.3	1.9	0.6	0.6	0.7
NS	1.8	2.0	2.6	0.2	-0.3	0.5	0.9
NB	3.9	0.0	2.0	0.1	1.4	1.0	1.2
QUE	3.8	1.7	1.4	1.0	1.3	1.3	1.0
ONT	1.8	3.0	1.7	1.3	1.5	1.3	1.2
MAN	2.3	0.5	1.1	0.6	1.1	1.0	0.9
SASK	1.7	1.7	0.8	0.8	1.7	2.4	0.6
ALTA	2.4	2.7	2.4	1.5	4.8	4.4	1.8
BC	2.3	2.5	2.4	3.3	3.0	3.0	2.0
CAN	2.4	2.4	1.8	1.4	1.9	1.7	1.2

Sources: Statistics Canada, CMHC Forecast 2007-2008
(F) Forecast.

Unemployment Rate (percent)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.6	16.5	15.7	15.2	14.8	14.5	14.1
PEI	12.1	11.0	11.2	10.8	11.1	10.9	10.8
NS	9.6	9.1	8.8	8.4	7.9	8.0	7.9
NB	10.2	10.3	9.8	9.7	8.8	8.5	8.2
QUE	8.6	9.1	8.5	8.3	8.0	8.0	7.9
ONT	7.1	6.9	6.8	6.6	6.3	6.1	5.9
MAN	5.1	5.0	5.3	4.8	4.3	4.2	4.3
SASK	5.7	5.6	5.3	5.1	4.7	4.2	4.1
ALTA	5.3	5.1	4.6	3.9	3.4	3.2	3.1
BC	8.5	8.0	7.2	5.9	4.8	4.2	4.3
CAN	7.7	7.6	7.2	6.8	6.3	6.2	6.3

Sources: Statistics Canada, CMHC Forecast 2007-2008.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	15.6	6.2	-0.9	0.4	3.0	5.0	1.0
PEI	4.8	1.2	3.2	2.1	1.8	1.8	1.5
NS	4.0	1.1	0.8	1.6	2.2	2.4	2.5
NB	4.5	2.3	2.6	0.3	2.4	2.5	2.8
QUE	2.4	1.3	2.7	2.2	1.8	1.7	2.3
ONT	3.1	1.3	3.2	2.8	1.4	1.8	2.5
MAN	1.6	1.3	2.5	2.7	3.1	2.8	3.0
SASK	-0.4	4.1	3.3	3.1	2.9	3.1	2.8
ALTA	2.2	2.9	5.4	4.6	6.5	4.5	4.0
BC	3.6	2.8	4.6	3.7	3.5	3.2	3.4
CAN	2.9	1.8	3.3	2.9	2.7	2.3	3.0

Sources: Statistics Canada, CMHC Estimate 2006, CMHC Forecast 2007-2008
(F) Forecast.

Total Net Migration* (persons)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	-2,665	-724	-2,407	-4,035	-3,542	-3,000	-2,000
PEI	149	329	-5	155	332	300	300
NS	1,129	1,494	-211	-2,719	-1,572	-1,150	-500
NB	701	-378	49	-1,836	-2,238	-1,250	-750
QUE	29,454	34,443	34,550	28,039	25,060	29,000	32,250
ONT	137,363	109,871	102,541	95,372	69,589	77,000	93,000
MAN	1,924	3,409	3,988	-2,386	1,603	2,050	2,500
SASK	-6,218	-3,344	-4,467	-8,964	-1,817	-1,200	-1,000
ALTA	30,270	23,227	32,796	68,098	86,255	73,000	60,000
BC	25,011	35,429	38,646	43,654	44,047	47,900	51,700
CAN**	217,118	203,756	205,480	215,378	217,717	222,650	235,500

Sources: Statistics Canada, CMHC Forecast 2007-2008. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +	Average rent Two bedroom structures of 3 units
Victoria	2006	2,739	928	3.8	7,500	427,154	0.5	874
	2007(F)	2,285	790	2.5	7,200	450,000	0.8	905
	2008(F)	1,940	820	4.5	6,900	462,000	1.2	940
Vancouver	2006	18,705	5,614	6.9	36,479	509,876	0.7	1045
	2007(F)	19,000	5,200	6.5	36,200	555,000	1.0	1087
	2008(F)	18,500	5,100	5.8	35,800	584,000	1.3	1119
Kelowna	2006	1,207	427	na	3,853	303,959	2.0	719
	2007(F)	1,260	435	na	3,830	329,000	2.3	733
	2008(F)	1,200	420	na	3,800	345,000	2.5	748
Abbotsford	2006	2,692	1,122	na	4,790	349,805	0.6	800
	2007(F)	2,500	1,050	na	5,100	391,000	0.8	835
	2008(F)	2,200	1,000	na	4,800	415,000	1.0	860
Edmonton	2006	14,970	9,064	28.9	21,984	250,915	1.2	808
	2007(F)	14,150	8,150	28.0	24,000	340,000	0.7	970
	2008(F)	13,000	7,500	15.0	22,600	374,000	0.5	1115
Calgary	2006	17,046	10,482	43.6	33,024	346,673	0.5	960
	2007(F)	15,500	9,250	18.3	34,750	430,000	0.6	1075
	2008(F)	14,800	8,800	9.0	33,250	473,000	1.0	1140
Saskatoon	2006	1,496	959	9.1	3,430	160,577	3.2	608
	2007(F)	1,550	1,000	16.0	3,900	195,000	2.5	638
	2008(F)	1,500	1,000	16.0	3,600	214,500	2.0	660
Regina	2006	986	749	8.6	2,953	131,851	3.3	619
	2007(F)	1,000	650	10.0	3,300	142,000	3.0	636
	2008(F)	1,000	650	13.0	3,300	156,500	2.5	653
Winnipeg	2006	2,777	1,737	9.4	11,594	154,607	1.3	709
	2007(F)	3,000	1,650	8.0	11,750	168,000	2.1	735
	2008(F)	2,900	1,650	7.0	12,000	180,000	2.0	760
Thunder Bay	2006	165	157	1.7	1,539	127,464	4.9	696
	2007(F)	200	150	1.3	1,508	128,800	5.5	703
	2008(F)	210	160	1.7	1,493	130,000	6.0	706
Sudbury	2006	477	448	1.7	2,615	150,434	1.2	706
	2007(F)	490	460	1.3	2,715	165,500	1.0	741
	2008(F)	530	470	1.7	2,780	173,700	0.8	778
Windsor	2006	1,045	692	0.0	5,047	164,123	10.4	765
	2007(F)	556	350	-1.1	4,800	162,400	8.5	768
	2008(F)	510	320	1.6	4,650	160,000	6.0	782
London	2006	3,674	2,090	5.2	9,234	190,521	3.6	790
	2007(F)	3,480	1,950	4.8	9,400	202,200	3.8	807
	2008(F)	3,150	1,850	4.8	8,940	210,000	4.1	825
Kitchener	2006	2,599	1,542	4.1	6,115	237,913	3.3	824
	2007(F)	2,400	1,000	2.5	6,100	247,000	3.0	840
	2008(F)	2,500	1,100	2.0	6,000	254,000	2.9	857
St. Catharines-Niagara	2006	1,280	866	7.0	6,430	194,500	4.3	752
	2007(F)	1,186	636	4.6	6,200	202,300	4.5	766
	2008(F)	1,125	525	3.5	6,100	208,400	4.5	777
Hamilton	2006	3,043	1,741	5.9	13,059	248,754	4.3	796
	2007(F)	2,865	1,645	5.6	12,800	265,000	4.0	800
	2008(F)	2,780	1,580	5.4	12,500	280,000	3.8	805
Toronto	2006	37,080	14,120	3.8	84,842	352,388	3.2	1067
	2007(F)	34,600	11,500	3.0	85,000	366,500	3.0	1085
	2008(F)	32,500	10,500	2.5	83,000	377,500	2.5	1105

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +	
Oshawa*	2006	2,995	2,109	na	9,354	258,362	4.1	861
	2007(F)	2,820	2,040	na	9,500	263,500	3.8	868
	2008(F)	2,690	1,980	na	9,600	267,500	3.4	878
Kingston	2006	968	481	na	3,517	212,157	2.1	841
	2007(F)	954	420	na	3,750	224,890	2.3	870
	2008(F)	649	410	na	3,770	231,637	2.4	896
Ottawa	2006	5,875	2,480	3.3	14,003	257,418	2.3	941
	2007(F)	5,750	2,450	3.3	14,300	266,000	2.1	960
	2008(F)	5,625	2,300	2.8	14,100	273,000	1.9	985
Gatineau	2006	2,933	1,171	3.3	4,202	172,527	4.2	667
	2007(F)	2,700	900	3.3	4,300	179,000	4.5	675
	2008(F)	2,500	850	2.8	4,200	183,000	4.3	680
Montréal	2006	22,813	7,793	4.0	38,792	236,522	2.5	636
	2007(F)	21,000	7,100	3.5	40,300	248,000	3.2	650
	2008(F)	19,000	6,700	3.0	40,300	258,000	3.5	660
Trois-Rivières	2006	1,017	372	na	877	115,890	1.0	488
	2007(F)	875	350	na	825	120,000	1.5	500
	2008(F)	700	325	na	775	123,000	2.0	510
Sherbrooke	2006	1,545	588	na	1,789	164,400	1.2	515
	2007(F)	1,435	575	na	1,625	169,300	1.7	530
	2008(F)	1,300	600	na	1,700	173,600	1.8	540
Québec	2006	5176	2226	5.2	6980	160508	1.5	637
	2007(F)	4400	1950	3.5	7150	168500	2.0	650
	2008(F)	4000	1800	3.0	7200	175000	2.3	660
Saguenay	2006	485	271	na	1,232	120,238	4.1	485
	2007(F)	580	280	na	1,250	132,260	4.0	493
	2008(F)	470	295	na	1,225	138,875	4.5	505
Saint John	2006	565	363	3.3	1,875	128,500	6.8	556
	2007(F)	540	350	3.0	1,850	132,000	5.5	570
	2008(F)	525	325	2.5	1,750	135,000	5.5	585
Moncton	2006	1,416	593	3.3	2,561	128,547	5.6	636
	2007(F)	1,270	550	3.0	2,500	138,000	5.9	650
	2008(F)	1,125	500	2.5	2,350	145,000	5.5	665
Halifax	2006	2,511	1,056	4.3	6,228	201,734	3.2	799
	2007(F)	2,450	1,000	2.5	6,000	210,000	3.5	820
	2008(F)	2,375	950	2.0	5,800	216,000	3.8	840
St. John's	2006	1,534	1,096	3.7	3,196	139,542	4.5	635
	2007(F)	1,300	975	3.0	3,250	142,250	5.0	645
	2008(F)	1,250	950	3.0	3,050	145,000	4.8	665
Charlottetown	2006	448	305	2.2	486	144,036	4.4	638
	2007(F)	375	250	3.0	450	155,000	5.0	655
	2008(F)	375	250	3.0	425	158,000	4.8	675
ALL CENTRES	2006	162262	73642	9.7	349580		2.5	
LISTED ABOVE	2007(F)	152471	65056	6.9	355603		2.8	
	2008(F)	142929	61680	5.3	347758		2.8	

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

Major Housing Indicators
(levels and quarterly percent change)

	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2	06:Q3	06:Q4	07:Q1
New Housing								
Building permits, units, thousands	243.6	232.7	262.3	223.8	233.2	239.8	236.0	220.0
% change	*-7.1*	*-4.5*	*12.7*	*-14.7*	*4.2*	*2.8*	*-1.6*	*-6.8*
Housing starts, total, thousands	232.6	229.6	224.9	244.1	227.8	219.7	222.4	222.1
% change	*3.4*	*-1.3*	*-2.0*	*8.5*	*-6.7*	*-3.6*	*1.2*	*-0.1*
Housing starts, singles, thousands	125.6	116.6	122.4	131.3	121.4	121.1	115.1	116.2
% change	*2.6*	*-7.2*	*5.0*	*7.3*	*-7.5*	*-0.2*	*-5.0*	*1.0*
Housing starts, multiples,	107	113	102.5	112.8	106.4	98.6	107.3	105.9
% change	*4.4*	*5.6*	*-9.3*	*10.0*	*-5.7*	*-7.3*	*8.8*	*-1.3*
Housing completions, total,	51,688	58,095	54,406	49,321	51,784	60,015	54,827	46,516
% change	*-5.0*	*12.4*	*-6.3*	*-9.3*	*5.0*	*15.9*	*-8.6*	*-15.2*
New house price index, 1997=100	128.4	130.1	132.4	135.4	140.1	145.2	147.2	148.4
% change	*-3.0*	*1.3*	*1.8*	*2.3*	*3.4*	*3.7*	*1.4*	*0.8*
Existing housing								
MLS® resales, units, thousands	485,736	502,544	492,708	494,064	484,576	473,144	483,296	516,876
% change	*-1.4*	*3.5*	*-2.0*	*0.3*	*-1.9*	*-2.4*	*2.1*	*6.9*
MLS® average resale price, $C	246,574	252,224	258,723	267,543	277,164	278,980	284,402	294,765
% change	*5.2*	*2.3*	*2.6*	*3.4*	*3.6*	*0.7*	*1.9*	*3.6*
Mortgage market								
1-year mortgage rate, per cent*	4.83	4.97	5.55	5.90	6.37	6.47	6.37	6.47
5-year mortgage rate, per cent*	5.90	5.80	6.15	6.40	6.82	6.83	6.60	6.60
Residential investment**								
Total, $1997 millions	68,183	69,080	69,073	71,214	70,385	69,119	69,160	n.a.
% change	*-1.3*	*1.3*	*0.0*	*3.1*	*-1.2*	*-1.8*	*0.1*	*n.a.*
New, $1997 millions	33,073	32,964	32,886	34,354	33,790	32,678	32,011	n.a.
% change	*0.6*	*-0.3*	*-0.2*	*4.5*	*-1.6*	*-3.3*	*-2.0*	*n.a.*
Alterations, $1997 millions	25,556	25,848	26,528	27,068	27,180	27,560	28,176	n.a.
% change	*-3.7*	*1.1*	*2.6*	*2.0*	*0.4*	*1.4*	*2.2*	*n.a.*
Transfer costs, $1997 millions	9,740	10,348	9,932	10,068	9,800	9,464	9,644	n.a.
% change	*-1.9*	*6.2*	*-4.0*	*1.4*	*-2.7*	*-3.4*	*1.9*	*n.a.*
Deflator, 1997=100	130.5	130.7	132.8	134.9	138.1	140.7	142.6	n.a.
% change	*-1.7*	*0.2*	*1.6*	*1.6*	*2.3*	*1.9*	*1.3*	*n.a.*

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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